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CENTRAL INTELLIGENCE AGENCY

REPORT

INTELLOFAX 9

INFORMATION REPORT

CD NO.

COUNTRY Hungary

DATE DISTR. 22 SEPT 51
50X1-HUM

SUBJECT General Situation Obtaining in Budapest

NO. OF PAGES 2

PLACE
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INFO.SUPPLEMENT TO 50X1-HUM
REPORT NO.

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1. In the center of the city, one private enterprise after another is closing down. The Communist Town Administration is moving entire workers' families into these empty business offices, owing to the acute shortage of housing. Stove pipes let through shopwindows, and dirty waste water, make a dreary impression.
2. Cost-of-living prices today reflect the true picture of worsening conditions, as the following examples will show:
 - a. 3-room apartment with central heating, rent ... 5 - 600 forints
 - b. furnished room, upwards of 100 forints, but generally costs ... 3 - 400 forints
 - c.

| | | | | | forints per kg. |
|--------|-----|-----|-----|-----|-----------------|
| flour | ... | ... | ... | ... | 5.60 |
| sugar | ... | ... | ... | ... | 13.80 |
| lard | ... | ... | ... | ... | 20- 22 |
| tea | ... | ... | ... | ... | 300- 400 |
| coffee | ... | ... | ... | ... | 120- 160 |
 - d.

| | | | | | |
|-----------------|-----|-----|-----|-----|----------------------------|
| men's suiting | ... | ... | ... | ... | 200- 250 forints per meter |
| ready-made suit | ... | ... | ... | ... | 600- 800 " " " |
 - e.

| | | | | | |
|----------------------------|-----|-----|-----|-----|---------------|
| shirt | ... | ... | ... | ... | 70- 130 " |
| men's walking shoes | ... | ... | ... | ... | 350 " upwards |
| cheapest costume for women | ... | ... | ... | ... | 650- 700 " |
| light overcoat | ... | ... | ... | ... | 550- 900 " |
| women's walking shoes | ... | ... | ... | ... | 200- 520 " |
| sandals | ... | ... | ... | ... | 130 " |
3. Consideration of wages earned in relation to cost-of-living prices, completes the picture. The following are a few examples:

| | forints per month |
|-----------------------|-------------------|
| laborer | 400 |
| skilled worker | 600 - 800 |
| stenographer (female) | 400 - 700 |
| government official | 800 - 1,400 |
| newspaper reporter | 1,000 - 1,500 |

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4. Corruption is rife as a result of keeping wages low. One gramme of gold or a dollar (sic) costs 50 forints on the black market.* The State Banks seize every opportunity to obtain foreign currencies and themselves purchase these on the black market. Private people may hold in their possession at the most 500 gr. of gold per family. Everything over and above this has to be handed over to the State Bank against the official price of 12 forints per gramme.

*  Comment: Currently the official rate of exchange is 11.7 forints to the dollar while on the free market it was last reported as 25-35 to the dollar.

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